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SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415

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APPLICATION OF SOUTHWESTERN §
ELECTRIC POWER COMPANY FOR §
AUTHORITY TO CHANGE RATES §
BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINETEENTH REQUEST FOR INFORMATION**

MAY 12, 2021

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Files provided electronically on the PUC Interchange

Staff 19-2 Attachment 1 - Schedule_Q-7_Proof_of_Revenue_Rebuttal.xlsx
Staff 19-2 Attachment_2_Staff_19-2_TOU_Worpaper_Rebuttal.xlsx
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**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO COMMISSION
STAFF'S NINETEENTH REQUEST FOR INFORMATION**

Question No. Staff 19-1:

Please provide a detailed description of SWEPCO's rebuttal revenue distribution proposal if the Commission approves a revenue requirement that differs from SWEPCO's proposed revenue requirement. Please describe the methodology that would be used to determine the revenue requirement for each class.

Response No. Staff 19-1:

The revenue distribution first includes the class cost-of-service study changes adopted by SWEPCO witness Aaron. The updated class cost-of-service study includes an updated equalized cost to serve for each rate class. For each class detailed in the rebuttal revenue distribution, the target class change is the "at equalized" percentage change, except that SWEPCO has applied an increase to the three rate classes, Cotton Gin, Oilfield Secondary and Public Street and Highway Lighting, that do not go over 1.5 times the system average increase, of approximately 43% based on the parties' moderation recommendations. The Cotton Gin increase was limited to 43.29% and the remainder of the class increase is recovered through the GS demand class. The Oilfield Secondary increase was limited to 43.29% and the remainder of the class increase is recovered through the Oilfield Primary class. The Public Street & Highway Lighting class increase was limited to 43.29% and the remainder of the class increase is recovered through the Municipal Service and Municipal Lighting classes.

Please see Staff 19-1 Attachment 1 EXHIBIT JLJ1R Rebuttal Revenue Distribution, for the formulas that determine the class target base revenue change. Staff 19-1 Attachment 1 has been provided electronically on the PUC Interchange

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Question No. Staff 19-2:

Please describe the methodology that would be used to set rates for each tariff in sufficient detail so as to enable Staff to calculate rates consistent with SWEPCO's revised proposed revenue distribution and rate design methodologies, starting from a class cost of service model that produces an overall revenue requirement that differs from SWEPCO's revised proposed revenue requirement.

Response No. Staff 19-2:

The rate design for each class applies the rebuttal revenue distribution percentage change to all components of the rate schedule. Rates have been adjusted to achieve the total rebuttal revenue requirement as shown in the class cost-of-service and revenue distribution. In the case of the new structure for the GS class, the current kW rate was converted to apply to all test year class kW, then the GS kW class percentage increase was applied to the new demand rate. The GS kWh rate was adjusted to achieve the total proposed revenue requirement for the GS kW class.

The proposed residential time-of-use rate uses the rebuttal revenue requirement for each season based on the residential class. The off-peak overnight period for each season is based on the SPP LMP and the other TOU periods are based on the remainder of the revenue requirement and the TOU billing units. The RS PEV offering follows the rebuttal residential pricing and solves for the off-peak credit based on the SPP LMP and the tail-step of the rebuttal residential off-peak rate. The proposed LP TOU is determined based upon the LP Secondary and LP Primary rebuttal demand-related revenue requirement split into on-peak and off-peak time-of-use periods. The off-peak hours are designed to recover the cost of the transmission and distribution revenue requirement and the on-peak hours are designed to recover the peak generation charges not recovered through the proposed LP kWh charge. The TOU offerings have been updated for the rebuttal cost of service and revenue distribution.

Please see Staff 19-2 Attachment 1-Schedule Q-7 Proof of Revenue Rebuttal, with notes and cell formulas intact for the rebuttal rate design. Staff 19-2 Attachment 2 contains the proposed TOU rates adjusted for the rebuttal cost of service, revenue distribution and rate design. Staff 19-2 Attachment 3 contains the RS PEV credit determination based on the updated cost of service, revenue distribution and rate design. Staff 19-2 Attachments 1 through 3 have been provided electronically provided on the PUC Interchange.

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